

## Message Text

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ACTION EUR-12

INFO OCT-01 AF-04 ARA-06 EA-06 NEA-06 ISO-00 IO-10 FEA-01

AEC-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

EB-04 FPC-01 H-01 INR-05 INT-05 L-02 NSAE-00 NSC-05

OMB-01 PM-03 RSC-01 SAM-01 OES-02 SP-02 SS-15 STR-01

TRSE-00 FRB-01 /108 W

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R 091133Z NOV 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 4065

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY BRASILIA

AMEMBASSY CARACAS

AMEMBASSY KINSHASA

AMEMBASSY NEW DELHI

AMEMBASSY TEHRAN

USINT ALGIERS

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: ENRG, FR, EEC, OECD

SUBJECT: FRENCH POLICY ON ENERGY COOPERATION

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REF: PARIS 26695

SUMMARY: REFTEL CONTAINED SUMMARY OF OUR CONCLUSIONS AND RECENT CONTACTS WITH FRENCH OVER GISCARD'S PROPOSED TRIPARTITE ENERGY CONFERENCE. WE HAVE SET FORTH BELOW SOME OF THE MORE SIGNIFICANT ELEMENTS OF OUR RECENT CONVERSATIONS ON THIS SUBJECT. END SUMMARY.

1. IN A GENERAL CONVERSATION WITH ECON/COM MIN, BERNARD, SECRETARY GENERAL OF THE INTERMINISTERIAL COMMITTEE FOR EUROPEAN ECONOMIC COOPERATION QUESTIONS, SAID THAT HIS COMMITTEE HAD BEEN ASKED TO ASSUME RESPONSIBILITY FOR COORDINATION OF GOF POSITIONS ON ENERGY COOPERATION IN EC AND OECD FRAMEWORKS. HE DESCRIBED FRENCH POSITION ON ESTABLISHMENT OF IEA AS PASSIVE, NOT AGGRESSIVE OR NEGATIVE, IN KEEPING WITH GISCARD'S STATEMENT IN HIS PRESS CONFERENCE THAT FRANCE WOULD NOT SEEK TO BLOCK ESTABLISHMENT OF IEA IN OECD. BERNARD SAID THAT ALL GOF SOUGHT IN OECD DELIBERATIONS ON IEA WAS AGREEMENT THAT EXISTING ORGANIZATION NOT BE STRIPPED OF A ROLE IN ENERGY MATTERS ONCE THE IEA WAS SET UP; THAT THE IEA RETAIN ADMINISTRATIVE LINKS WITH SECRETARIAT; AND, FINALLY, THAT PARTICIPATION OF FRANCE'S EC PARTNERS IN IEA NOT INTERFERE WITH ESTABLISHMENT OF EFFECTIVE EC ENERGY POLICY.

2. BERNARD ALSO SPOKE ABOUT GISCARD'S PROPOSAL FOR A TRIPARTITE ENERGY CONFERENCE. HE UNDERSTOOD WHY THIS HAD NOT PRODUCED A FAVORABLE REACTION ON PART OF U.S. AND SUGGESTED THAT HE DID NOT PERSONALLY APPROVE FAILURE TO CONSULT U.S. AND OTHER CONSUMER COUNTRIES IN ADVANCE. IN DEFENSE OF GISCARD, HE SAID THAT, IF HE HAD CONSULTED U.S., OUR REACTION WOULD HAVE BEEN NEGATIVE AND WE WOULD HAVE BEEN EVEN MORE IRRITATED WHEN GISCARD WENT AHEAD WITH THE PROPOSAL OVER OUR OBJECTIONS, AS HE MOST CERTAINLY WOULD HAVE.

3. BERNARD ADMITTED THAT THERE WAS AN ELEMENT OF PRESTIGE-SEEKING IN THE PROPOSAL (THE GALLIC COCK WANTED TO CROW A LITTLE, AS HE PUT IT), BUT STRESSED THAT THIS WAS NOT THE PRINCIPAL MOTIVE. THE PROPOSAL WAS MADE BY LIMITED OFFICIAL USE

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GISCARD BECAUSE HE BELIEVED THAT FRENCH INTERESTS REQUIRED A DIALOGUE WITH THE PRODUCERS. THIS WAS BECAUSE OF FRANCE'S EXTREME DEPENDENCE ON MIDEAST OIL AND THE DISASTROUS EFFECTS A FURTHER PRICE INCREASE WOULD HAVE ON THE FRENCH ECONOMY. HE SAID THAT THE FACT THAT GISCARD HAD ANNOUNCED HIS PROPOSAL IN THE MOST SOLEMN FASHION POSSIBLE IN THE FIFTH REPUBLIC, A PRESIDENTIAL PRESS CONFERENCE, WAS A MEASURE OF THE IMPORTANCE HE

ATTACHED TO IT AND HE MADE IT CLEAR THAT IT WOULD BE COMPLETELY IMPOSSIBLE FOR GISCARD TO BACK DOWN. BERNARD RECOGNIZED THAT THE U.S. COULD BLOCK THE CONFERENCE IF WE WANTED TO. IN THAT CASE, HOWEVER, FRANCO-AMERICAN RELATIONS WOULD UNDOUBTEDLY DETERIORATE TO THE DREARY LEVEL TO WHICH THEY HAD SUNK IN THE MID-1960'S. IN ANY CASE, BERNARD DID NOT SEE WHY IT WOULD BE IN OUR INTEREST TO BLOCK THE FRENCH INITIATIVE. IT WAS NOT AN ANTI-AMERICAN INITIATIVE. IT WAS NOT CONCEIVED IN OPPOSITION TO U.S. POLICIES AS, HE SAID, JOBERT'S RESPONSE TO THE U.S. INITIATIVE LAST FEBRUARY HAD BEEN. INSTEAD, IT WAS VIEWED BY GISCARD AS COMPLEMENTING THE U.S. INITIATIVES IN THE ECG.

4. BERNARD SAID THAT THE TRIPARTITE CONFERENCE WOULD EITHER SUCCEED OR IT WOULD NOT. IF IT SUCCEEDED, THERE WOULD BE SOME GLORY FOR GISCARD, BUT THE INTERESTS OF

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OMB-01 PM-03 RSC-01 SAM-01 OES-02 SP-02 SS-15 STR-01

TRSE-00 FRB-01 /108 W

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R 091133Z NOV 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 4066

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

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OTHER CONSUMERS AND, INDEED, OF PEACE WOULD ALSO BE  
SERVED. IF IT FAILED, THEN EVERYBODY, INCLUDING FRANCE,  
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WOULD DRAW THE APPROPRIATE CONCLUSIONS.

5. IN A CONVERSATION WITH ECON/COM MIN, CABOUAT,  
BRUNET'S DEPUTY FOR ENERGY POLICY, ALSO SAID THAT FEAR  
OF A FURTHER INCREASE IN OIL PRICES WAS A MAJOR FACTOR  
IN THE FRENCH INITIATIVE. AS FOR THE TIMING, BOTH  
BERNARD AND HE FAILED TO SEE WHY THE TIME WAS NOT RIPE  
FOR A CONFERENCE. BOTH WONDERED WHY, WITH THE ESTABLISH-  
MENT OF IEA VIRTUALLY COMPLETE, IT WAS NECESSARY TO WAIT  
ANY LONGER. MOREOVER, CABOUAT POINTED OUT, THE FACT  
THAT THE PRESENT OPEC FREEZE ON PRICES DOES NOT EXTEND  
BEYOND JANUARY 1 MADE ACTION FAIRLY URGENT. CABOUAT  
SAID THE FOREIGN OFFICE HAD ADVISED GISCARD TO CONSULT  
KEY CONSUMER GOVERNMENTS BEFORE PROPOSING HIS PLAN, BUT  
HE HAD NOT ACCEPTED THIS ADVICE. HOWEVER, CABOUAT MADE  
IT CLEAR THAT THE FOREIGN OFFICE REGARDED THIS AS  
PURELY A TACTICAL CONSIDERATION AND FULLY SUPPORTED THE  
PROPOSAL. CABOUAT ALSO SAID THAT DISCUSSION OF GISCARD'S  
PROPOSAL ON INDEXATION TENDED TO OVERSIMPLIFY THIS  
PROPOSAL. WHAT HE MEANT BY INDEXATION WAS SOME MEANS  
OF ASSURING PRODUCERS THAT OVER A, SAY, TEN-YEAR PERIOD  
THEY WOULD BE ASSURED ADEQUATE REVENUES. PRICES WERE  
CLEARLY TOO HIGH NOW BUT TEN YEARS FROM NOW, IF DEMAND  
RESTRAINT MEASURES WERE EFFECTIVE, THEY MIGHT WELL BE  
TOO LOW AGAIN. THE FRENCH IDEA WAS TO GET LOWER PRICES  
NOW IN RETURN FOR ASSURANCES THAT THERE WOULD BE HIGHER  
PRICES AT THE END OF THE TEN-YEAR PERIOD. THE FRENCH  
DEFINITELY DID NOT ENVISAGE A SIMPLE TIEING OF OIL  
PRICES TO INFLATION RATES.

6. CABOUAT ALSO SAID THAT FRANCE'S OBJECTIVE IN OECD WAS TO ENSURE THAT OECD HAD AN ENERGY ROLE OUTSIDE THE NEW ENERGY AGENCY (WHERE, INTER ALIA, CONSUMER POSITIONS IN THE TRIPARTITE CONFERENCE COULD BE CONCERTED) AND THAT THERE BE A LINK BETWEEN THE IEA AND THE SECRETARIAT. HE EMPHASIZED THAT THE GOF HAD NO INTENTION OF OBSTRUCTING THE ESTABLISHMENT OR WORK OF THE IEA. HE RECOGNIZED THAT MEMBERSHIP OF EC COUNTRIES IN THE IEA COULD RAISE LEGAL QUESTIONS BUT HE SAID THE GOF SAW NO SERIOUS PROBLEMS HERE.

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7. IN A CONVERSATION WITH ECON/COM MIN, ARCULUS, THE BRITISH ECONOMIC MINISTER, SAID THAT BRITISH EMBASSY'S ANALYSIS OF GISCARD'S INITIATIVE HAD LED TO THE CONCLUSION THAT CONCERN ABOUT PRICE WAS THE MAIN CONSIDERATION. THE FRENCH PLAN FOR DEALING WITH INFLATION AND BALANCE-OF-PAYMENTS DEFICITS, IN PARTICULAR THE 51 BILLION FRANC CEILING ON IMPORTS, HAD BEEN POSITED ON PRESENT PRICES. THE GOF BELIEVED THAT A FURTHER SIGNIFICANT INCREASE IN OIL PRICES WOULD BE DISASTROUS FOR ITS ECONOMIC PLAN. A TRIPARTITE CONFERENCE, AS THE GOF SAW IT, WOULD SERVE FRENCH OBJECTIVES IN TWO WAYS. FIRST, IT WOULD KEEP FRANCE IN GOOD STANDING WITH THE PRODUCERS. SECOND, SOMEWHAT CONTRADICTORILY, IT WOULD HELP PUT PRESSURE ON PRODUCERS TO HOLD THE LINE ON PRICES. ACCORDING TO ARCULUS, THE GOF DID NOT THINK THE IEP COULD ACCOMPLISH THIS OBJECTIVE SINCE IT WAS REGARDED BY THE PRODUCERS AS MORE CLEARLY CONFRONTATIONAL.

8. ARCULUS SAID HE HAD BEEN INFORMED THAT GISCARD HAD MADE THE DECISION TO PROPOSE THE CONFERENCE WITHOUT PRIOR CONSULTATION WITH FRANCE'S EC PARTNERS OVER THE OBJECTIONS OF THE ELYSEE STAFF. HOWEVER, HE SAID HE UNDERSTOOD THIS. THE UK OBVIOUSLY WOULD HAVE TRIED TO TALK HIM OUT OF IT IF IT HAD BEEN CONSULTED.

9. ARCULUS CONSIDERED FRENCH TACTICS IN THE OECD AS DESIGNED PRIMARILY TO PUT PRESSURE ON ITS EC PARTNERS TO AGREE TO AN EC ENERGY POLICY WITH EFFECTIVE DEMAND RESTRAINT MEASURES.

10. FINALLY, ARCULUS SAID THE UK GOVERNMENT WAS BEGINNING TO THINK IN TERMS OF A POSSIBLE DEAL WHEREBY THE OTHER INDUSTRIALIZED CONSUMING COUNTRIES WOULD ACCEPT THE FRENCH PROPOSAL FOR A TRIPARTITE ENERGY CONFERENCE, FRANCE'S EC PARTNERS WOULD AGREE TO A STRONG EC ENERGY POLICY (ARCULUS ADDED PARENTHETICALLY THAT THIS WOULD BE

DIFFICULT FOR THE UK), AND FRANCE WOULD AGREE TO COME  
INTO THE IEA IN THE NEAR FUTURE.

11. JEANTILLOT, DIRECTOR OF NEW OFFICE IN MFA WHICH IS  
COORDINATING WORK ON PROPOSED CONFERENCE STATED THAT GOF  
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ACTION EUR-12

INFO OCT-01 AF-04 ARA-06 EA-06 NEA-06 ISO-00 IO-10 FEA-01

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OMB-01 PM-03 RSC-01 SAM-01 OES-02 SP-02 SS-15 STR-01

TRSE-00 FRB-01 /108 W  
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R 091133Z NOV 74  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC 4067  
INFO AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
AMEMBASSY COPENHAGEN  
AMEMBASSY DUBLIN  
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DECISION NOT TO CONSULT WITH OTHER GOVERNMENTS PRIOR TO  
ISSUING CONFERENCE INVITATION DID NOT MEAN THAT GOF WAS  
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UNPREPARED TO COORDINATE WITH OTHER CONSUMER GOVERNMENTS.  
FOLLOWING APPROVAL IN PRINCIPLE TO HOLDING OF CONFERENCE,  
GOF WOULD BE PREPARED CONSULT CLOSELY WITH OTHER CONSUMER  
NATIONS ON DEVELOPING SPECIFIC POSITIONS AND PROPOSALS.

12. REACTION OF OTHER GOVERNMENTS TO FRENCH PROPOSAL WAS  
DESCRIBED AS "NOT UNFAVORABLE" BY GOF OFFICIAL SPOKESMAN  
FOLLOWING NOVEMBER 6 CABINET MEETING. WHILE OFFICIAL  
SPOKESMAN DID NOT SPECIFY COUNTRY-BY-COUNTRY REACTIONS,  
ELYSEE PRESS OFFICER HAD EARLIER ANNOUNCED THAT GOF HAS  
CONSULTED WITH SOME FIFTY COUNTRIES SINCE GISCARD'S  
INITIATIVE LAUNCHED OCTOBER 24. OFFICIAL SPOKESMAN DID  
NOTE THAT GOF HOPED TO MAINTAIN ORIGINALLY PROPOSED  
SCHEDULE, I.E., PRELIMINARY MEETING IN LATE NOVEMBER WITH  
CONFERENCE ITSELF EARLY IN 1975. (IN NOVEMBER 7  
CONVERSATION WITH SIGNAL OF MFA OIL OFFICE, HOWEVER,  
LATTER EXPRESSED CONSIDERABLE SKEPTICISM THAT GOF  
SCHEDULE COULD BE MET.)

13. IN STATEMENT BEFORE NATIONAL ASSEMBLY NOVEMBER 7,  
MINISTER FOREIGN AFFAIRS SAUVAGNARGUES NOTED "OPEN AND  
POSITIVE" RESPONSES OF COUNTRIES CONSULTED ON FRENCH  
INITIATIVE. HE ALSO NOTED FRENCH RESERVATIONS IN IEA  
AS FOLLOWING: SHARING PLAN WHICH IS BASIS OF AGREEMENT  
DOES NOT ATTACK BASIC AND PERMANENT PROBLEM OF PRICES;  
SHARING PLAN ATTEMPTS TO COMBINE NATIONS WITH DIFFERING  
OIL IMPORT DEPENDENCIES; IT HAD ASPECTS WHICH IN CERTAIN  
CASES COULD LEAD TO THE BROADENING OF AN ORIGINALLY  
LIMITED CRISIS; AND FINALLY, THAT IT SEEMED MORE  
APPROPRIATE TO A CLIMATE OF CONFRONTATION THAN OF  
DIALOGUE. FOR THESE REASONS, SAUVAGNARGUES SAID, GOF  
HAD DECIDED TO "REMAIN APART" FROM THE ORGANIZATION.  
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## Message Attributes

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**Channel Indicators:** n/a  
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**Concepts:** POLICIES, INTERGOVERNMENTAL COOPERATION  
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**Copy:** SINGLE  
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**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
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**Disposition Event:**  
**Disposition History:** n/a  
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